Review of Literature on Online vs. Offline Consumer Behavior

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Abstract

The Internet and conventional marketing each have distinct features. Online shopping involves no travel, product carrying or restrictions on shopping hours, offering easy accessibility, convenience and time saving. In contrast, offline shopping permits and allows physical examination of the products, interpersonal communication but involves high travel and search costs, and also has restrictions on shopping hours. Consumers may use the two channels differently resulting the same consumers may exhibit different behaviors when shopping across online and offline channels. Therefore, it is important to understand how the same consumers behave at the two channels. (Junhong Chu et.al 2010). This study attempts to provide an exhaustive review of prior theoretical literature of online vs. offline consumer behavior.

Keywords: *E-Commerce, Internet Shopping, Offline Shopping, Buying Motives, Consumer Behavior.*

Introduction: Earlier studies shown that if E-marketer/Companies know the insight on their buyers' characteristics, they could get clues on how customers interpret and receive stimuli (information), which could affect consumers' decisions. Review findings indicates that different factors have direct and indirect effects on consumer behavior across online and offline channels. Danaher, Wilson and Davis (2003) found that high market share brands enjoy a loyalty advantage in the online store, while low market share brands enjoy greater brand loyalty in the offline stores. Tony Ahn, Seewon Ryu and Ingoo Han(2004), explored online and offline features of Internet shopping malls and their relationships with the acceptance behaviors of customers. Aron M. Levin et.al. (2005) found that when attributes such as large selection and shopping quickly are predominant, online shopping was preferred. When attributes such as personal service and ability to see-touch-handle the product are predominant, offline shopping was preferred.

This paper makes an attempt to study the different dimensions of Online and Offline Consumer Behavior with the help of review of literature such as Junhong Chu, et.al.(2010) found that the onlineoffline differences in brand loyalty, size loyalty and price sensitivity were larger for food products and for sensory products. Yaobin Lu et.al. (2011), focused on factors that influence users' intention to transfer their usage from the offline to the online channel that offer similar services. This can be used to provide an overview and references on some of the conceptual and practical work undertaken in the area of organizational level. This study may enable to identify and measure some factors associated with Online and offline consumer behavior.

Objectives:

- To understand the basic concept of Online and Offline Consumer Behavior.

- To study the different Dimensions of Online and Offline Consumer Behavior with the help of review of literature.

- To provide suitable suggestions to the stakeholders.

Research Methodology:

This paper is based upon review of literature and secondary data collected from various websites, national/international journals, magazines, newspapers and reference books. Literature review has shown previous research work done in this area.

Online Vs. Offline Consumer Behavior:

The Internet and conventional brick-and-mortar stores each have unique features. Online shopping involves no travel, product carrying cost or restrictions on shopping hours, offering easy accessibility, convenience and time saving. But online shopping does not permit physical examination of the products (feel, touch, sample and trial), interpersonal communication or instant gratification, and often incurs shipping and handling costs. In contrast, offline/traditional shopping allows physical examination of the products, interpersonal communication and instant gratification, but involves high travel and search cost and also has restrictions on

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shopping hours, especially in countries with strong labor laws (Grewal, Iyer and Levy 2004). Consumers may use the two channels differently and so may exhibit different behaviors when shopping across online and offline channels. Therefore, it is important to understand how the same consumers behave at the two channels.

Most academics and practitioners agree that there were various factors as demographic, social, economic, cultural, psychological and other personal factors, beyond the control and influence of the marketer and also have a major effect on consumer behavior and purchasing decisions.

Literature Review:

Consumer behavior has changed greatly over the past decades, but it has been evolutionary and the seeds of change have been apparent for generations **(Kar, 2010). Piyush K. Sinha, Arindam Banerjee, and Dwarika Prasad Uniyal,(2002),** identified major drivers behind choice of stores for various shopping needs as exhibited by a typical Indian consumer, by conducting study on 293 participates recruited by e-mail.

Tony Ahn, Seewon Ryu and Ingoo Han,(2004), explored online and offline features of Internet shopping malls and their relationships with the acceptance behaviors of customers. Web survey with 932 users was conducted in 6 shopping malls of korea. The study validate technology acceptance model (TAM) in predicting the acceptance of the Internet shopping malls. Online and offline features have positive effects on the user acceptance, usefulness, attitude and intention to use.

Aron M. Levin, Irwin P. Levin and Joshua A. Weller,(2005), For the study two samples of size 199 were used from a large mid-western American university and an online survey panel. The study found that the preferences for shopping online or offline were shown to vary across products, consumers, and stages of the shopping experience.

When attributes such as large selection and shopping quickly were predominant, online shopping was preferred. When attributes such as personal service and ability to see-touch-handle the product were predominant, offline shopping was preferred.

Junhong Chu et.al. (2010), explored the moderating effects of household (e.g., shopping frequency) and product (e.g., sensory nature) characteristics on brand loyalty, size loyalty and price sensitivity across online and offline channels for grocery products. Data was collected from one of the five leading grocery chains in Spain. The study of found that the households were more brand loyal and size loyal but less price sensitive in the online channel than in the offline channel.

Rick L.AndrewsOurso and Imran S. Currim,(*2004*), examined behavioral differences between consumers attracted to online shopping and traditional supermarket shopping using actual choice data from an online supermarket and traditional scanner panel data. The study found that as Compared to traditional supermarket consumers, online consumers prefer larger sizes to smaller sizes, do more screening on the basis of brand names, do less screening on the basis of sizes, have stronger choice set effects.

Koen Pauwels et.al., (2011), found that the offline revenue impact of the informational website critically depends on the product category and customer segment. The lower online search costs were especially beneficial for sensory products and for customers distant from the store. In contrast, customers in a particular segment reduce their shopping trips, suggesting their online actions partially substitute for experiential shopping in the physical store.

Dong-Mo Koo, **Ji-Hoon Lee (2011),** proposed an inter-relationship among dominance, energetic and tense arousal, pleasure and their impact on intention. Results from a survey of 406 consumers (217 from offline store customers and 189 online store users) demonstrated that dominance had a significant positive and/or negative effect on both energetic and tense arousal, it has no impact on pleasure and intention under both offline and online environment; Effect of dominance on tense arousal was not statistically significant in an online shopping environment; both energetic and tense arousal had a positive and/or negative impact on pleasure.

Yaobin Lu (2011), focused on factors that influence users' intention to transfer their usage from the offline to the online channel that offer similar services. The study revealed that innovativeness in new technology and relative benefit had positive effects on users' intention to transfer usage. Moreover, the findings of the study also indicated that internet experience moderates the relationship between relative benefit and consumers' intention to transfer usage from offline to online services.

Isabel P. Riquelme and Sergio Román,(2014), examined the role of several consumers' cognitive and psychographic traits in their perceptions of retailers' deceptive practices (perceived deception) and the different effects on perceived deception associated with online vis-à-vis in-store shopping.

Contributors	Year	Country/ Sample	Contributions
Tony Ahn, Seewon Ryu and Ingoo Han	2004	Korea 392	Revealed that Online and offline features have positive effects on the user acceptance, usefulness, attitude, and intention to use.
Rick L. AndrewsOurso, Imran S. Currim	2004	USA 279	Found that as compared to traditional supermarket consumers, online consumers prefer larger sizes to smaller sizes, do more screening on the basis of brand names, less screening on the basis of sizes.
Aron M. Levin, Irwin P. Levin and Joshua A. Weller	2005	America 199	Explained that when attributes such as large selection and shopping quickly were predominant, online shopping was preferred. When attributes such as personal service and ability to see-touch-handle the product were predominant, offline shopping was preferred.
Junhong Chu, Marta Arce, José Calvo & Pradeep K. Chintagunta	2010	Spain 2733	Showed that the households were more brand loyal, more size loyal but less price sensitive in the online channel than in the offline channel.
Dong-Mo Koo,	2011	406	Reveled that dominance had a significant positive and/or negative effect on both energetic and tense arousal, it had no impact on pleasure and intention under both offline and online environment;
Ji-Hoon Lee	2011	China	Indicated that internet experience moderates the relationship between relative benefit and consumers' intention to transfer usage from offline to online services.
Yaobin Lu Koen Pauwels et.al.	2011	information search literature	Found that customers in some segments buy more and more expensive products, suggesting that online search and offline purchases were complements.
Isabel P. Riquelme and Sergio Román	2014	NA	Suggested that the effects of individual's cognitive traits (Internet-based information search and perceived Internet usefulness) and risk aversion on perceived deception were more relevant when consumers shop online than when they purchase from traditional stores.

Conclusion:

The literature review of the Online vs. Offline consumer behavior shows that there were significant differences between consumers attracted to shopping online versus in traditional stores with regard to the parameters described in different studies. Despite the growth in online sales and projections that online shopping environments are likely to impose more pressure on traditional distribution channels, there was a striking absence of published empirical work on how consumers attracted to shopping online behave relative to consumers attracted to shopping in traditional stores. Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities.

The Review also not only indicates and but also confirms that the enterprise design and marketing strategies should differ in the two purchasing environments, depending on whether the parameter differences were the result of the behaviors' of most online consumers and offline consumers. The finding that product characteristics influence consumer behavior in the online store differently from the offline stores should help manufacturers and retailers in planning marketing strategies for different channels.

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